LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7360
BILL NUMBER: HB 1567

NOTE PREPARED: Jan 18, 2015
BILL AMENDED:

SUBJECT: Loans for abandoned or foreclosed homes.

FIRST AUTHOR: Rep. Moed
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill establishes the Abandoned or Foreclosed Property Rehabilitation Financing Program (program) to provide rehabilitation loans to finance the purchase and rehabilitation of abandoned or foreclosed property. It provides that the Indiana Housing and Community Development Authority (IHCDA) shall administer the program.

It allows a lender that:
(1) is authorized to originate, service, or otherwise aid in the financing of residential mortgage loans in Indiana; and
(2) meets the standards for program participation established by the IHCDA;
to be an approved lender under the program for the purpose of making rehabilitation loans to eligible persons.

The bill also specifies that a rehabilitation loan is a first lien mortgage loan that is:
(1) issued by an approved lender for the purpose of purchasing and rehabilitating abandoned or foreclosed property;
(2) guaranteed by the IHCDA;
(3) a zero or low interest loan;
(4) for a term of years determined or approved by the IHCDA; and
(5) repayable in installments or, at the option of the mortgagor, repayable when the mortgagor sells or transfers the mortgagor's interest in the property.

The bill also requires the IHCDA to establish, not later than January 1, 2016, policies and procedures to implement and administer the program. It allows the IHCDA to adopt rules to establish the policies and procedures to implement and administer the program.

The bill also establishes the Abandoned or Foreclosed Property Rehabilitation Financing Account within the state General Fund to provide funds to:

(1) guarantee rehabilitation loans under the program; and
(2) pay the IHCDA's expenses in establishing and administering the program.

Effective Date: Upon passage.

Explanation of State Expenditures: *Indiana Housing and Community Development Authority (IHCDA):* The bill establishes the abandoned or foreclosed property rehabilitation financing program within the IHCDA to provide rehabilitation loans. The bill requires the IHCDA to establish, not later than January 1, 2016, policies and procedures to implement and administer the program. Additionally, the IHCDA must enter into a contract with each approved lender and the recipient of the rehabilitation loan, concerning each party's obligations and rights under the program.

The bill establishes the Abandoned or Foreclosed Property Rehabilitation Financing Account within the state General Fund to provide funds to guarantee rehabilitation loans under the program and pay the IHCDA's expenses in establishing and administering the program. The account is nonreverting. Not more than 10% of the money in the account may be used to pay the IHCDA's expenses. The bill does not make an appropriation to the account.

Explanation of State Revenues: The bill establishes that a rehabilitation loan is a first lien mortgage loan that is issued by an approved lender to a mortgagor for the purpose of purchasing and rehabilitating abandoned or foreclosed property. Since the approved lender is assumed to be licensed, there is no additional revenue to the Financial Institutions Fund from initial license fees. Likewise, there is no additional revenue from renewal fees since licensed first lien mortgage lenders already incur an annual renewal fee of $1,000 under current statute. There are 332 licensed first lien mortgage lenders in Indiana.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Housing and Community Development Authority.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Anita Yadavalli, 317-234-9438.